



**U.S. Department of Justice**

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**NEWS RELEASE**  
***GRAND JURY RETURNS INDICTMENT  
CHARGING FORMER LAYTON OFFICIAL  
WITH PROFITING FROM  
CONFLICT OF INTEREST***

SALT LAKE CITY -- A federal grand jury returned a six-count indictment late Wednesday afternoon charging Seth J. Butterfield, age 77, of Ogden, with wire fraud, theft from a program receiving federal funds, and money laundering. The charges relate to alleged conduct that took place between September 2004 and July 2006 while Butterfield was the Community Development Block Grant (CDBG) administrator for the city of Layton.

CDBG is a federal program administered by the U.S. Department of Housing and Urban Development (HUD). HUD makes CDBG funding available to state and local governments based on various program criteria that help them provide affordable housing for low and moderate-income individuals.

The indictment alleges that while employed as the grant administrator for Layton and in a position to decide how CDBG funds received by Layton would be distributed, Butterfield conceived and organized a non-profit company called Affordable Land Lease Homes, Inc. (ALLH), whose stated

purpose was to provide affordable housing to moderate and low-income families. Butterfield joined ALLH's board of directors. According to the indictment, he told Layton city officials that the position was voluntary and uncompensated.

Beginning around March 2002, Butterfield, as grant administrator, began authorizing the disbursement of CDBG funds to ALLH under contracts to build housing. In October 2002, according to the indictment, Butterfield resigned from ALLH's board of directors and became its executive director. Butterfield allegedly led Layton city officials to believe he was taking the position on a temporary basis and without compensation. In fact, he eventually began paying himself a second salary as executive director of ALLH using federal funds. From September 2004 to around May 2006, the indictment alleges, Butterfield paid himself a salary at ALLH totaling approximately \$279,000, of which about \$116,064 was paid with CDBG funds.

Butterfield's tenure as ALLH's executive director continued until approximately October 2006, during which time he also served as grant administrator for Layton. As grant administrator and ALLH's executive director, Butterfield negotiated and authorized three contracts between Layton and ALLH to build low income housing that resulted in ALLH receiving federal CDBG funds.

The indictment alleges that in furtherance of the alleged scheme, Butterfield falsely and fraudulently concealed from HUD and Layton that he was being paid by an entity to which he authorized CDBG funding.

Butterfield will be issued a summons to appear in federal court. The potential penalty for each of the two wire fraud counts in the indictment is 20 years. The two money laundering counts carry a potential penalty of up to 10 years in prison per count. The penalty for each of the two counts of theft from a program receiving federal funds is up to 10 years in prison. Indictments are not findings of guilt. Individuals charged in indictments are presumed innocent unless or until proven guilty in court.

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